

THE BUSINESS REVIEW

THIRD FEDERAL
PHILADELPHIA



RESERVE DISTRICT
NOVEMBER 1, 1936

FEDERAL RESERVE BANK OF PHILADELPHIA

Business and Banking Conditions in the United States

Volume of industrial production was maintained in September and employment at factories increased seasonally. Distribution of commodities to consumers increased. Commercial loans of city banks showed further growth.

Production and employment. Industrial output in September, as measured by the Board's seasonally adjusted index, was 109 per cent of the 1923-1925 average, approximately the level of the two preceding months. Output of steel was about the same as in August and in the first three weeks of October the rate of activity rose to a higher level than at any time since 1930. Automobile production showed a sharp seasonal decline in September and a considerable seasonal advance in the first three weeks of October. Production of lumber and cement showed a further rise and increases in activity were also reported at meat packing establishments and at cotton and silk textile factories. At woolen mills there was little change in production although an increase is usual in September. Output of coal increased more than seasonally, and crude petroleum production continued in large volume.

Factory employment increased sea-

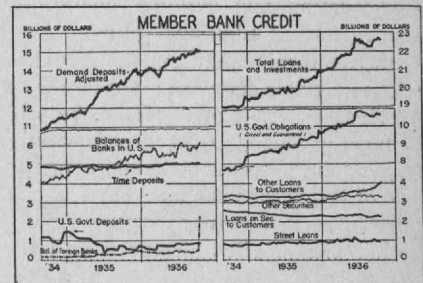
sonally in September and payrolls were maintained at the August level. The number employed in most industries producing durable goods continued to increase, while at automobile factories there was a seasonal decline. Employment decreased at woolen mills and showed a smaller increase than is usual at this season at cotton mills and at establishments producing women's clothing.

Value of construction contracts awarded, as reported by the F. W. Dodge Corporation, declined somewhat further in September from the relatively high level reached in the middle of the year. There was a decrease in awards for residential building, reflecting chiefly a smaller volume of contracts for apartment construction which in August had included several large publicly-financed projects. Awards for non-residential work declined, partly as a result of a reduction in contracts for public works and utilities which have been in large volume during recent months.

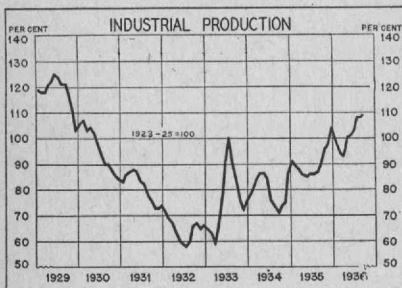
Agriculture. Crop conditions improved somewhat from September 1 to October 1, according to the Department of Agriculture, but estimates for

corn and many other crops are still considerably below the harvest of last year. The cotton crop is estimated at 11,600,000 bales, an increase of 500,000 bales from the estimate made a month earlier and of 1,000,000 bales from the 1935 crop. Total cash farm income, including all government payments, is estimated by the Department of Agriculture at \$7,850,000,000 for the calendar year 1936 as compared with \$7,090,000,000 in 1935.

Distribution. Distribution of commodities to consumers increased by more than the usual amount in September, following a less than seasonal



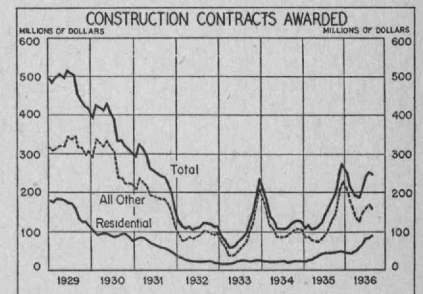
Wednesday figures for reporting member banks in 101 leading cities. September 5, 1934 to October 14, 1936. Loans on real estate, loans to banks, and acceptances and commercial paper bought included in total loans and investments but not shown separately.



Index of physical volume of production, adjusted for seasonal variation.



Indexes of number employed and payrolls, without adjustment for seasonal variation. Indexes compiled by the United States Bureau of Labor Statistics.



Three-month moving averages of F. W. Dodge data for value of contracts awarded in 37 Eastern States, adjusted for seasonal variation. Latest figures based on data for July and August and estimate for September.

rise between July and August. Sales at department and variety stores and by mail order houses serving rural areas were in larger volume in September.

Volume of freight carried by railroads increased, reflecting larger shipments of coal, ore, and miscellaneous freight and a decline in loadings of grain.

Commodity prices. The general level of wholesale commodity prices has shown little change in the last two months. From the middle of September to the third week in October sugar and butter prices declined, and there were decreases also in prices of hogs

and pork, as is usual at this season. Price advances were reported for leather and coke and higher prices for some finished and semi-finished steel products became effective on October 1.

Bank credit. Loans of reporting member banks in leading cities, other than loans on securities, continued to increase in September and the first half of October. On October 14 the volume of these loans was more than \$400,000,000 larger than on July 29. About half of this increase was at New York City banks and the remainder principally at banks in Western and Southern cities. Holdings of United

States Government obligations have declined in recent weeks at New York City banks and have increased somewhat at other banks. Deposits of reporting banks have continued to increase.

Excess reserves of member banks increased by \$410,000,000 in the five weeks ending October 21, reflecting a reduction of \$300,000,000 in Treasury holdings of cash and balances at the reserve banks and an increase of \$250,000,000 in monetary gold stock, the effects of which were partially offset by a seasonal increase in money in circulation and a further growth in required reserves.

Business and Banking Conditions in the Philadelphia Federal Reserve District

Business activity in the Philadelphia Federal Reserve District continues to be well maintained. Industrial production during September showed a slight improvement over August, owing to increased output of coal and crude oil. This bank's adjusted index covering the output of factories and mines rose to 89, relative to the 1923-25 average, as compared with 88 in August and 77 a year ago. The dollar volume of building contracts awarded increased during the month and was substantially larger than last year. Construction and building operations also registered additional gains.

Agricultural conditions in this district as a whole compare favorably with previous years. Income from the sale of farm products has been consistently larger; the percentage increase in the sale of farm crops has been particularly large over last year, reflecting chiefly higher prices. But income from live-

stock products also indicates a noticeable gain.

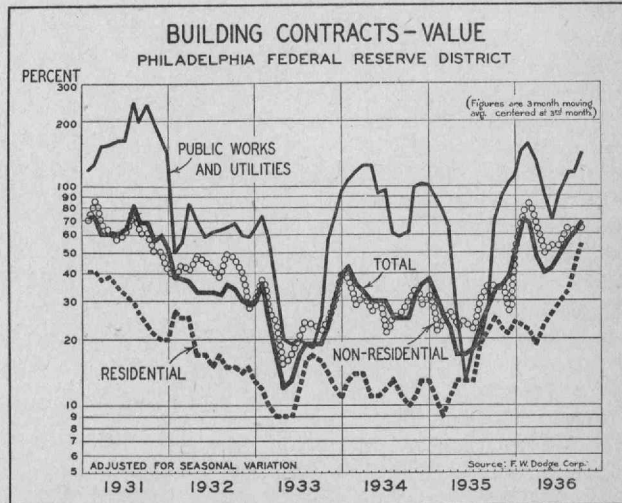
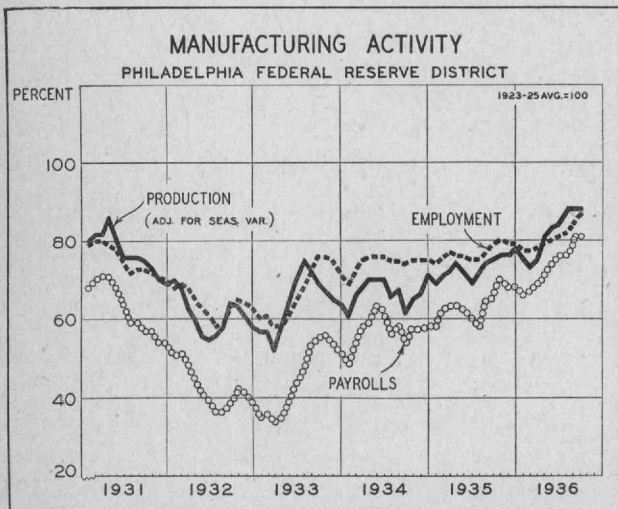
Retail trade sales showed a marked improvement during September while business at wholesale was not quite as large as seasonal expectations would warrant; both continue to show marked gains over a year ago. Freight car loadings have been well sustained. Sales of new passenger automobiles declined in the month but were considerably larger than a year ago. There was a pronounced increase in the activity of commercial travelers.

General employment, as measured by this bank's index covering twelve branches of trade and industry in Pennsylvania, showed a gain of 3 per cent from the middle of August to the middle of September and the expansion in payrolls amounted to about 2 per cent. The employment index, expressed in percentage of the 1932 average, was 118 and the payroll index

was 158. Early figures for October indicate further seasonal gains.

Manufacturing. Factory activity has continued at a fairly high level and the demand for manufactured products again has increased seasonally. Compared with a year ago, sales have been considerably larger. Reports indicate that the volume of unfilled orders has expanded in the month and over last year. Prices of factory products have been firm, the index of the Bureau of Labor Statistics moving around 80 per cent of the 1926 average as compared with 78.4 a year ago.

Stocks of finished goods at reporting plants generally show further reductions, particularly in the case of consumers' goods, the demand for which is seasonally active. Supplies of raw materials also show reductions in the month and are smaller than a year ago; in the case of silk, cotton, rubber and cement, inventories have been notice-



ably smaller than at the same time in the past four years.

Employment and payrolls in factories showed increases of about the usual seasonal proportions between the middle of August and the middle of September. Reports from Pennsylvania factories registered a gain of over 2 per cent in the number of wage earners and about one per cent in payrolls and employee-hours worked. The increases on the whole have been rather well distributed between major groups of manufacturing. The employment index in September was 87 relative to the 1923-25 average or 11 per cent higher than last year. The payroll index was 82 or about 27 per cent above a year ago. Estimates indicate that Pennsylvania factories in that month employed approximately 936,000 wage earners and paid out in wages over \$21,157,000 a week.

Manufacturing establishments in Delaware registered an increase of 6 per cent in employment, 5 per cent in wage payments and 7 per cent in working time from August to September. In comparison with a year ago the number of wage earners employed was 24 per cent larger and the amount of wage disbursements 30 per cent greater. Reports from manufacturing industries in southern New Jersey also registered a gain in employment but not in payrolls, although in contrast with a year ago both were about 16 per cent larger.

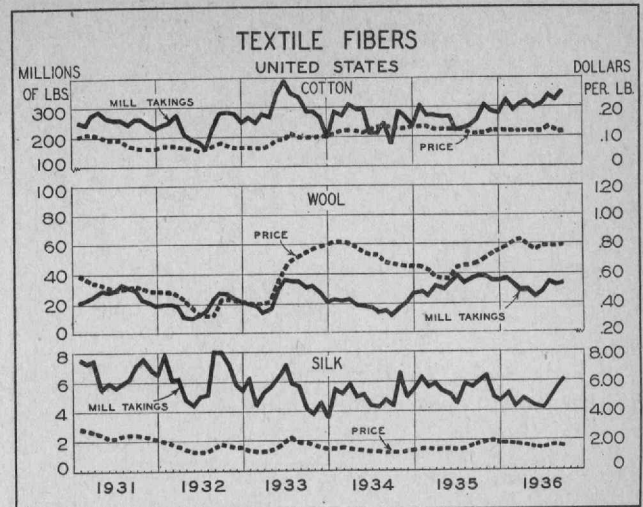
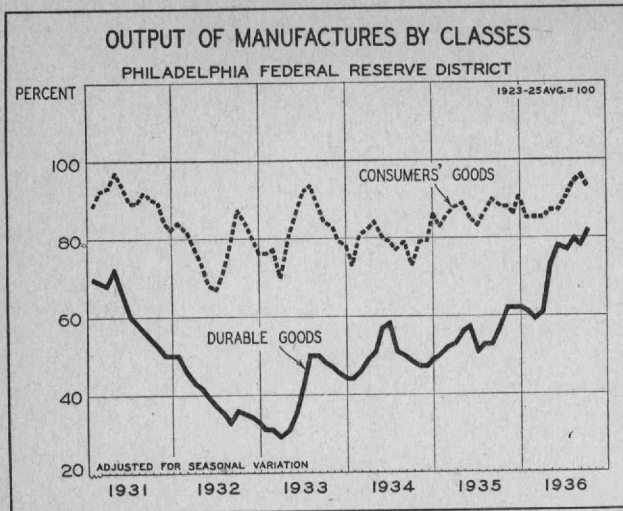
Production of manufactures in the aggregate maintained about the same level in September as in the previous two months. This bank's index of productive activity, which is adjusted for seasonal changes and working days, continued at 88 per cent of the 1923-25 average, or 18 per cent higher than in September last year and substantially above the level of the previous three years.

Activity at industries producing durable goods including steel, castings, electrical apparatus, shipbuilding and lumber showed some improvement during the month. Output of textile products, on the other hand, failed to show the usual rate of gain between August and September, so that the adjusted index dropped from 99 in August to 92 in September. Improvement has been reported in the case of cigars and tobacco, and chemicals and allied products. Changes in other major groups during the month were slight. The average rate of factory production during the first nine months of this year has been about 13 per cent higher than

Business Indicators Philadelphia Federal Reserve District

| | Index numbers: percentages of the 1923-1925 average as 100 | | | | | | | | | | | |
|--|--|-----------|-----------|------------|-----------------|-------|-----------------------|------------|--------------|-----------|------------|--|
| | Adjusted for seasonal variation | | | | | | | | Not adjusted | | | |
| | Sept. 1935 | July 1936 | Aug. 1936 | Sept. 1936 | Per cent change | | | Sept. 1935 | July 1936 | Aug. 1936 | Sept. 1936 | |
| | | | | | Sept. 1936 from | | 1936 from 9 mos. 1935 | | | | | |
| | | | | Month ago | Year ago | | | | | | | |
| Adjusted indexes allow for the usual seasonal change in activity. | | | | | | | | | | | | |
| Unadjusted indexes reflect merely the actual change which may or may not be typical. | | | | | | | | | | | | |
| Industrial production | 77 | 89 | 88 | 89p | + 1 | + 16 | + 12 | 78 | 85 | 88 | 91p | |
| Manufacturing—total | 75 | 88 | 88 | 88p | - 0 | + 18 | + 13 | 77 | 84 | 88 | 90p | |
| DURABLE GOODS | 57 | 80 | 78 | 82p | + 5 | + 43 | + 34 | | | | | |
| CONSUMERS' GOODS | 88 | 94 | 96 | 93p | - 3 | + 5 | + 3 | | | | | |
| Metal products | 65 | 90 | 87 | 93 | + 7 | + 44 | + 32 | 65 | 86 | 91r | 93 | |
| Textile products | 88 | 92 | 99 | 92p | - 7 | + 4 | - 0 | 90 | 85 | 93 | 94p | |
| Transportation equipment | 51 | 77 | 80 | 80 | - 1 | + 58 | + 74 | 48 | 75 | 78 | 76 | |
| Food products | 69 | 85 | 77 | 76p | - 1 | + 11 | + 8 | 72 | 82 | 78 | 82p | |
| Tobacco and products | 92 | 98 | 95 | 99 | + 4 | + 8 | + 9 | 106 | 106 | 102 | 114 | |
| Building materials | 28 | 42 | 42 | 43 | + 2 | + 51 | + 31 | 30 | 45 | 48r | 46 | |
| Chemicals and products | 110 | 119 | 117 | 125p | + 6 | + 13 | + 12 | 109 | 117 | 118 | 124p | |
| Leather and products | 127 | 142 | 135 | 134p | - 1 | + 6 | + 1 | 138 | 129 | 137 | 147p | |
| Paper and printing | 83 | 84 | 85 | 87 | + 2 | + 5 | + 4 | 82 | 81 | 83 | 86 | |
| Coal mining | 63 | 67 | 50 | 60p | +18 | - 6 | - 1 | 63 | 55 | 50 | 60p | |
| Anthracite | 65 | 65 | 47 | 57p | +21 | - 12 | - 3 | 65 | 53 | 47 | 57p | |
| Bituminous | 49 | 82 | 76 | 80p | + 5 | + 63 | + 14 | 50 | 72 | 72 | 81p | |
| Crude oil | 377 | 428 | 430 | 461 | + 7 | + 22 | + 9 | 377 | 441 | 443 | 461 | |
| Electric power | | | | | | | | | | | | |
| Output | 201 | 236 | 234 | 235 | + 1 | + 17 | + 13 | 197 | 219 | 222 | 230 | |
| Sales, total | 191 | 221 | 227 | 229 | + 1 | + 20 | + 14 | 189 | 208 | 216 | 227 | |
| Sales to industries | 145 | 157 | 167 | 166 | - 1 | + 15 | + 14 | 153 | 161 | 172 | 176 | |
| Employment and wages—Pa. | | | | | | | | | | | | |
| Factory—Wage earners | | | | | + 2* | + 11* | + 6* | 78 | 82 | 85 | 87 | |
| Payrolls | | | | | + 1* | + 27* | + 20* | 65 | 77 | 82r | 82 | |
| Man-hours (1927-28=100) | | | | | + 1* | + 32* | + 25* | 65 | 80 | 85 | 86 | |
| General (1932=100) | | | | | | | | | | | | |
| Employment | | | | | + 3* | + 9* | + 5* | 108 | 113 | 114 | 118 | |
| Payrolls | | | | | + 2* | + 23* | + 17* | 128 | 148 | 154 | 158 | |
| Building and real estate | | | | | | | | | | | | |
| Contracts awarded†—total | 34 | 57 | 62 | 69 | +11 | +101 | +125 | 34 | 59 | 63 | 68 | |
| Residential† | 25 | 33 | 43 | 54 | +25 | +118 | +110 | 23 | 35 | 40 | 49 | |
| Non-residential† | 35 | 64 | 62 | 64 | + 4 | + 86 | +121 | 34 | 62 | 63 | 63 | |
| Public works and utilities† | 70 | 115 | 115 | 141 | +23 | +102 | +149 | 64 | 122 | 126 | 130 | |
| Permits for building—17 cities | 15 | 16 | 24 | 15 | -40 | - 5 | +102 | 14 | 19 | 22 | 13 | |
| Mortgages recorded—Philadelphia | 26 | 28 | 28 | 23 | -17 | - 11 | - 8 | 24 | 28 | 25 | 21 | |
| Real estate deeds—Philadelphia | 673 | 694 | 515 | 631 | +23 | - 6 | - 28 | 781 | 660 | 494 | 732 | |
| Writs for Sheriff sales—Phila. | | | | | | | | | | | | |
| Distribution | | | | | | | | | | | | |
| Retail trade—sales | 79 | 80 | 80 | 87p | + 8 | + 10 | + 10 | 72 | 58 | 64 | 78p | |
| stocks | 66 | 68 | 70 | 73p | + 5 | + 10 | ..... | 69 | 61 | 67 | 76p | |
| Wholesale trade—sales | 78 | 89 | 87 | 86p | - 1 | + 11 | + 9 | 88 | 82 | 82 | 98p | |
| stocks | 63 | 69 | 68 | 70p | + 3 | + 10 | ..... | 65 | 68 | 69 | 72p | |
| Life insurance sales | 111 | 95 | 100 | 103 | + 4 | - 7 | - 8 | 89 | 91 | 84 | 83 | |
| New passenger auto. registrations | 71 | 133 | 112 | 92 | -18 | + 30 | + 27 | 68 | 150 | 124 | 89 | |
| Hotels—Occupancy | | | | | +18* | + 18* | + 11* | 104 | 105 | 104 | 123p | |
| Income, total | | | | | +30* | + 19* | + 14* | 98 | 91 | 90 | 117p | |
| Freight car loadings—total | 57 | 71 | 70 | 71 | + 1 | + 26 | + 16 | 63 | 73 | 74 | 80 | |
| Merchandise and miscellaneous | 58 | 71 | 72 | 71 | - 2 | + 22 | + 16 | 65 | 73 | 75 | 80 | |
| Coal | 55 | 70 | 65 | 68 | + 4 | + 23 | + 5 | 57 | 62 | 63 | 71 | |
| Business liquidations | | | | | | | | | | | | |
| Number | | | | | + 4* | - 37* | - 21* | 68r | 54 | 41 | 42 | |
| Amount of liabilities | | | | | - 6* | - 69* | - 45* | 59r | 23 | 20 | 18 | |
| Payment of accounts | | | | | | | | | | | | |
| Check payments | 81 | 82 | 88 | 90 | + 2 | + 11 | + 8 | 77 | 80 | 75 | 85 | |
| Rate of collections (actual) | | | | | | | | | | | | |
| Retail trade | 31 | 32 | 32 | 31 | - 2 | + 1 | ..... | 27 | 32 | 29 | 27 | |
| Wholesale trade | 67 | 78 | 74 | 76 | + 3 | + 13 | ..... | 67 | 79 | 74 | 75 | |
| Prices—United States | | | | | | | | | | | | |
| WHOLESALE (1926=100) | | | | | 0* | + 1* | + 1* | 81 | 80 | 82 | 82 | |
| Farm products | | | | | + 0* | + 6* | + 0* | 79 | 81 | 84 | 84 | |
| Foods | | | | | + 0* | - 3* | - 2* | 86 | 81 | 83 | 83 | |
| Other commodities | | | | | + 0* | + 2* | + 2* | 78 | 79 | 80 | 80 | |
| RETAIL FOOD | | | | | + 0* | + 5* | + 2* | 80 | 84 | 84 | 84 | |
| Philadelphia | | | | | - 0* | + 5* | + 3* | 81 | 86 | 86 | 85 | |
| Scranton | | | | | - 0* | + 4* | + 3* | 77 | 81 | 81 | 80 | |

* Computed from data unadjusted for seasonal variation. p—Preliminary. r—Revised.
 † 3-month moving daily average centered at 3rd month. ‡ Not included in production index.
 (a) Less than \$600,000.



in the same period last year, metal products, transportation equipment and building materials showing the largest gains, and the textile industries showing the least favorable change.

Output of electric power increased somewhat more than usual in September, following a smaller than seasonal gain a month before. Total sales of electricity registered a similar increase over August and were 20 per cent greater than a year ago. Industrial consumption of electrical energy also increased but by a slightly smaller percentage than is to be expected from August to September; nevertheless it was 15 per cent larger than last year, when computed on the basis of working days. In the first nine months this year production by eight systems and the total sales of ten systems were about 13 per cent greater than in the same interval of 1935.

Coal and other fuels. Output of anthracite increased more than usual from August to September, following a downward trend in the previous three months. In early October production expanded further, owing to the more active demand for household fuel which ordinarily accompanies colder weather. Shipments during September showed a marked gain over the small volume which customarily prevails during the summer months. Stocks of anthracite in producers' storage yards at the beginning of September were considerably larger than a year earlier but about equaled the average for that date in the past five years. Thus far this year anthracite production has been slightly smaller than in the same interval of 1935.

Bituminous coal production in Penn-

| (Output and shipment figures are daily averages) | Sept. 1936 | Per cent change from | |
|--|------------|----------------------|----------|
| | | Month ago | Year ago |
| Anthracite | | | |
| Production..... tons | 152,700 | +23 | -12 |
| Shipments..... tons | 149,551 | +20 | -8 |
| Stocks.....1000 tons | 1,992† | +28 | +13 |
| Prices.....(1926=100) | 80.6 | +2 | 0 |
| Employment.....No. | 85,430 | +16 | +3 |
| Bituminous | | | |
| Production..... tons | 388,240 | +13 | +63 |
| Shipments..... No. cars | 27,348 | +14 | +32 |
| Prices.....(1926=100) | 97.0 | +1 | +1 |
| Employment.....No. | 127,672 | +2 | +1 |
| Coke | | | |
| Prod... (1923-25=100) | 118.0 | +2 | +35 |
| Prices.....(1926=100) | 93.9 | +0 | +6 |
| Gas and fuel oil | | | |
| Prod... (1923-25=100) | 124.2* | +5 | +19 |
| Prices.....(1926=100) | 66.3 | 0 | +6 |

Sources: Bureau of Mines and Bureau of Labor Statistics. * Estimated. † September 1.

sylvania, which has been maintained at a relatively high level since early this year, registered more than the customary seasonal gain in September and was the largest for that month since 1930. Early reports for October indicate that output showed some additional expansion during the first fortnight of that month. Reflecting in part the increasing demand for industrial fuel by manufacturing plants and other commercial consumers, car loadings of soft coal have shown a marked gain for three consecutive months. The number of cars shipped during September was nearly one-third greater than a year earlier and exceeded that of any like month in the past five years.

As in the case of coal, output of by-product coke was maintained above its customary seasonal level in September and continued in much larger volume than last year. Production of gas and fuel oils also showed a gain over August and was about 7 per cent above the mid-summer low of last July. Compared with a year earlier, output during September was 19 per cent greater.

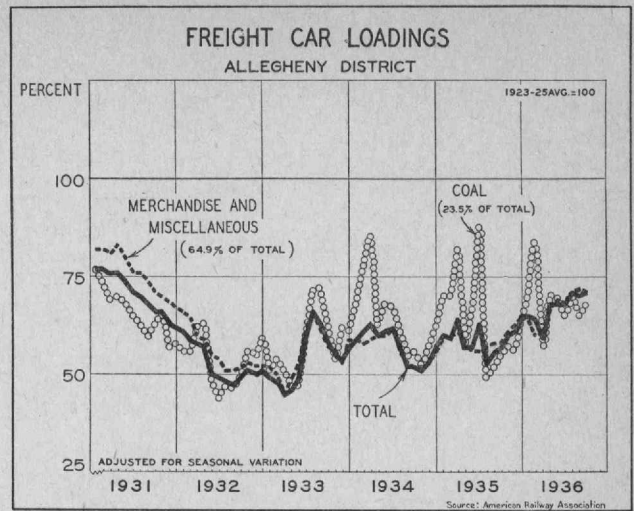
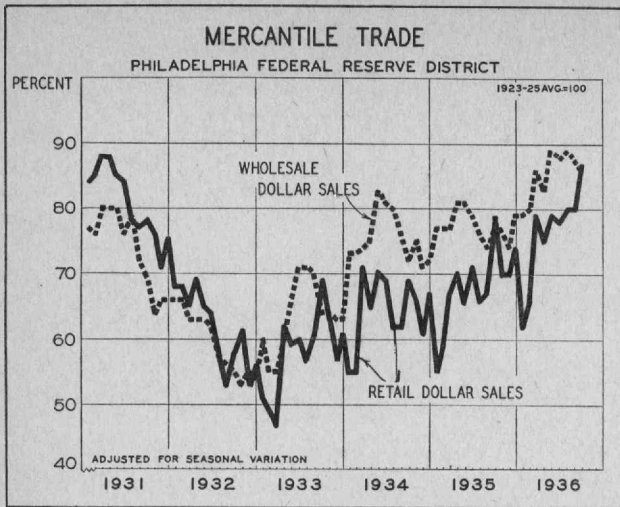
Building. The value of all building contracts awarded in this district amounted to approximately \$17,750,000 in September, an increase of 76 per cent over a year ago and the largest total for that month since 1930. This figure, while some 30 per cent below the monthly average of the three years, 1923-1925, was nearly four times as large as the volume reported for the same month four years ago.

Compared with August, the September contract total showed a gain of about 3 per cent, owing principally to a substantial increase in the value of contracts awarded for public works and utilities. In the first nine months this year the dollar volume of all contract awards was one and one-quarter times larger than in the same interval of 1935. All types of construction shared in this increase, but improvement over last year was especially pronounced in the case of contracts let for educational buildings, apartments and hotels, public works and utilities and family dwellings.

| Building contracts Philadelphia Federal Reserve District | Sept. 1936 (000's omitted) | Per cent change | |
|--|----------------------------|-----------------|-----------------------|
| | | from month ago | 1936 from 9 mos. 1935 |
| Residential | \$ 6,727 | +1 | +110 |
| Apts. and hotels..... | 2,754 | +8 | +167 |
| Family houses..... | 3,973 | -3 | +100 |
| Non-residential | 5,420 | -15 | +121 |
| Commercial..... | 873 | -17 | +68 |
| Factories..... | 1,154 | +35 | +30 |
| Educational..... | 1,020 | -66 | +658 |
| All other..... | 2,373 | +66 | +47 |
| Total buildings | \$12,147 | -6 | +116 |
| Public works and utilities | 5,601 | +33 | +149 |
| Grand total | \$17,748 | +3 | +125 |

Source: F. W. Dodge Corporation.

As indicated by employment, operations on contracts previously awarded have expanded further and continue larger than last year. The September



index of employment in plants producing building materials was 72 per cent of the 1923-1925 average, or 22 per cent above the level of a year ago and the highest of any month in the past five years. Activity of plants producing important building materials registered an additional gain from August to September, continuing an upward trend that has been virtually uninterrupted for about six months. Demand for brick and cement has shown a substantial expansion since early spring and the volume continues to be the largest since 1931, despite some decline between August and September.

Agriculture. Aided by favorable weather, seasonal farming in this district has progressed rapidly during the past month. The apple harvest is well under way, digging of late potatoes is nearly completed, and the winter wheat and rye crops have been planted. Supplies of subsoil moisture have been replenished by recent rains, benefiting particularly grass lands and the winter grains.

Estimated yields of several important field crops including corn, tobacco and white potatoes have been revised upward since September 1, according to Department of Agriculture reports. With the exception of tobacco, however, which appears to be an unusually good crop this year, production is expected to be smaller than in 1935 and somewhat below the average of the five years, 1931-1935. An unusually small fruit crop is indicated this year, especially in the case of apples. The quality of orchard fruits, on the other hand, appears to be considerably above average.

Reflecting chiefly higher prices, cash income from farm production, exclusive of rental and benefit payments, in the three states comprising this district

has increased very sharply this year and in the seven months ended July was about 8 per cent greater than in the same period of 1935 and the largest for that interval since 1930. Wholesale prices of agricultural commodities in the country as a whole have fluctuated rather narrowly in recent weeks around 85 per cent of the 1926 average. The latest index of the Bureau of Labor Statistics stood at 84.7 per cent of this base period on October 17, compared with 84.8 four weeks earlier and 79.5 a year ago.

Distribution, trade and service. The value of retail trade sales by department, apparel, shoe and credit stores, when computed on a daily basis, was 10 per cent greater in September this year than last. This gain was shared by all reporting lines, although the increase at women's apparel stores was slight. September sales by department stores in this district as a whole were 5 per cent larger than last year, but in the case of Philadelphia stores virtually no change was recorded in this interval. Retail trade sales in the aggregate increased about 8 per cent more than usual in September, so that our seasonally adjusted index rose to 87 per cent of the 1923-1925 average from 80 a month before. Total dollar sales in the first nine months this year were 10 per cent greater than a year ago, the largest percentage gains occurring at apparel and credit stores.

Dollar sales during September in each of eight reporting branches of wholesale trade continued to exceed those of a year ago. Compared with August, combined figures showed a gain of slightly less than seasonal proportions. Favorable changes in the sale of drugs, hardware, jewelry and paper were a little more than offset by the failure of shoes, dry goods, elec-

trical supplies and groceries to maintain their customary seasonal levels in September. Thus far this year total sales have exceeded those of a year earlier by 9 per cent, owing in part to higher prices.

Inventories of merchandise in both channels of trade increased somewhat from August to September and at the end of the latter month were about 10 per cent larger than a year ago, reflecting chiefly higher prices and more active business. The rate of stock turnover at retail was 7 per cent and at wholesale 5 per cent more rapid in the first nine months this year than last. The amount of collections in relation to receivables failed to maintain its customary seasonal rate in retail lines but increased more than usual at wholesale establishments. Compared with a year ago, payment of accounts in September was effected at a somewhat more rapid rate in both lines of trade, particularly at wholesale.

Sales of new passenger automobiles in this district decreased further in September, as was to be expected in view of the fact that new models were soon to be introduced. The number of units sold, however, was 30 per cent greater than in September 1935 and was 27 per cent larger in the first nine months this year than last.

Total freight car loadings in this section registered a slightly larger than seasonal gain from August to September, continuing an upward trend that has been almost continuous since early spring. In the first nine months this year total shipments were 16 per cent greater than in the same interval of 1935 and were the largest for that period since 1931. The volume of rail freight, consisting chiefly of manufactures originating in the Philadelphia

industrial area, declined slightly from the previous month when it was the highest since 1931-32. In early October shipments showed little change but they continued larger than last year.

Business of non-resort commercial hotels increased sharply in September and continued at a substantially higher level than a year before. Thus far this year room occupancy has been 11 per cent and total revenue 14 per cent greater than in the same interval of 1935. Further details follow:

| Hotel business Philadelphia Federal Reserve District | Sept. per cent change from | | 1936 from 9 mos. 1935 |
|--|-------------------------------|-------------|-----------------------------------|
| | Month ago | Year ago | |
| | | | |
| Capacity | + 0 | + 1 | ..... |
| Room occupancy | +18 | +18 | +11 |
| Per cent of capacity used: | | | |
| Sept. 1936 | 57.0 | | |
| Aug. 1936 | 47.9 | | |
| Sept. 1935 | 48.5 | | |
| Income from: | | | |
| Guest rooms | +23 | +18 | +13 |
| Food | +40 | +20 | +14 |
| Other sources | +31 | +21 | +14 |
| Total revenue | +30 | +19 | +14 |

Banking conditions. The reserve balances of member banks in this district moved sharply upward in the four weeks ending October 21 to a record peak of 420 millions, a volume 155 millions higher than a year ago. Much the greater part of this increase was in the figures of banks in Philadelphia. The principal source of the funds contributing to the 61 million gain realized over the past month was a favorable balance of payments of 38 millions in commercial and financial transactions with other sections of the country, some part of which probably was the result of payments received for new securities. Another major factor in building up bank reserves was a 29 million excess of local Treasury disbursements over receipts. Factors having an opposite effect were relatively small, including a 4 million rise in currency demand and a 2 million decrease in reserve bank credit caused chiefly by a falling off in float, which indicates the extent to which credit has been given to banks for checks before payment actually has been received here.

In late months there has been little change in the amount of credit extended by this bank in the form of industrial advances made to supply established businesses with working capital. Outstanding advances have continued to approximate 5 millions, and new applications have dwindled to rather small proportions. Discounts for member banks have been quite small for some time past. The decline that has taken

| Federal Reserve Bank of Philadelphia (Dollar figures in millions) | October 21, 1936 | Changes in— | |
|---|------------------------|---------------|-------------|
| | | Four weeks | One year |
| Bills discounted | \$ 0.1 | -\$0.3 | -\$ 0.0 |
| Bills bought | 0.3 | - 0.0 | - 0.2 |
| Industrial advances | 5.1 | - 0.0 | - 1.9 |
| United States securities | 209.0 | - 2.2 | + 31.9 |
| Total bills and securities | \$214.5 | -\$2.5 | +\$29.8 |
| Fed. res. note circulation | 296.2 | + 1.2 | + 41.7 |
| Member bank reserve deposits | 420.3 | +61.6 | +155.2 |
| U. S. Treasurer— general account | 2.1 | -19.6 | - 0.8 |
| Foreign bank deposits | 6.0 | + 0.1 | + 3.9 |
| Other deposits | 1.6 | - 0.2 | 64.6 |
| Total reserves | 535.1 | +47.5 | +109.2 |
| Reserve ratio | 73.7% | + 2.4% | + 1.6% |

place in recent weeks has been remarkable chiefly because of a drop to less than one hundred thousand dollars which, considered in relation to the averages in earlier years, represented almost the vanishing point.

In the first half of October reserve balances with this bank to the credit of all member banks in the district averaged 398 millions. This figure, while below the 420 millions attained on the 21st of the month, was substantially in excess of the amounts which banks under the law are required to keep against their deposits. The excess was 158 millions, as the following figures show, or 66 per cent.

| Philadelphia Federal Reserve District (Averages in millions of dollars) | Member bank reserve deposits | | |
|--|---------------------------------|----------------|-------------|
| | Held at reserve bank | Re- quired* | Ex- cess |
| 1936—Aug.—first half | 314 | 154 | 160 |
| —second half | 326 | 231 | 95 |
| Sept.—first half | 346 | 233 | 113 |
| —second half | 362 | 235 | 127 |
| Oct.—first half | 398 | 240 | 158 |

* Increase in required reserves effective August 16, 1936.

The influx of funds within the last four weeks was reflected in the figures of the reporting member banks in a rise of 38 millions in demand deposits, adjusted for cash items in process of collection, and an increase

| Reporting member banks (000,000's omitted) | Oct. 21, 1936 | Changes in | |
|---|---------------------|---------------|-------------|
| | | Four weeks | One year |
| Assets | | | |
| Loans to brokers and dealers: | | | |
| In New York City | \$ 9 | ..... | -\$ 4 |
| Outside New York City | 21 | +\$ 1 | + 8 |
| Loans on securities to others (except banks) | 148 | ..... | - 1 |
| Acceptances and commercial paper bought | 23 | - 1 | + 1 |
| Loans on real estate | 62 | ..... | - 6 |
| Loans to banks | 2 | ..... | - 1 |
| Other loans | 184 | - 4 | + 13 |
| Total loans | \$ 449 | -\$ 4 | +\$ 10 |
| U. S. Government securities Obligations fully guaran- teed by U. S. Gov't | 323 | + 7 | + 42 |
| Other securities | 97 | - 4 | + 4 |
| 309 | - 3 | + 21 | |
| Total loans and invest- ments | \$1,178 | -\$ 4 | +\$ 77 |
| Reserve with Federal Re- serve Bank | 300 | + 60 | + 114 |
| Cash in vault | 15 | + 7 | + 1 |
| Balances with other banks | 165 | + 7 | - 3 |
| Other assets—net | 87 | - 1 | - 8 |
| Liabilities | | | |
| Demand deposits—ad- justed | \$ 817 | +\$38 | +\$ 96 |
| Time deposits | 279 | + 3 | + 9 |
| U. S. Government deposits | 74 | - 2 | + 47 |
| Interbank deposits | 328 | + 23 | + 25 |
| Borrowings ..... | ..... | ..... | ..... |
| Other liabilities | 22 | 1 | + 2 |
| Capital account | 225 | + 1 | + 2 |

of 23 millions in interbank balances. The total of the various classes of deposits increased 62 millions to a new peak for recent years of 1,498 millions. This figure was 177 millions or more than 13 per cent higher than a year ago. Outstanding credit of the reporting banks declined 4 millions in the four weeks; funds deposited with the reserve bank increased 60 millions and 7 millions was added to balances with other banks. Investments were unchanged in total, as an expansion of 7 millions in holdings of direct obligations of the United States equaled declines in other types of securities.

Variations in loans on securities or real estate, in loans to banks and in open market paper were small, the principal change in loans being a decrease from 188 to 184 millions in the unclassified group which generally is thought to consist largely of accommodation granted to finance the current requirements of commerce and

MEMBER BANK RESERVES AND RELATED FACTORS

| Philadelphia Federal Reserve District (In millions of dollars) | Changes in weeks ending— | | | | Changes in four weeks |
|---|--------------------------|-----------|------------|------------|-----------------------------|
| | Sept. 30 | Oct. 7 | Oct. 14 | Oct. 21 | |
| Sources of funds: | | | | | |
| Reserve bank credit extended in district | - 1.7 | - 0.6 | - 0.5 | + 0.6 | - 2.2 |
| Commercial transfers (chiefly interdistrict) | +28.3 | + 9.1 | + 1.3 | + 0.1 | +38.8 |
| Treasury operations | + 3.7 | +10.0 | + 3.6 | +11.6 | +28.9 |
| Total | +30.3 | +18.5 | + 4.4 | +12.3 | +65.5 |
| Uses of funds: | | | | | |
| Currency demand | + 1.4 | + 0.3 | + 4.5 | - 2.3 | + 3.9 |
| Member bank reserve deposits | +28.0 | +18.7 | + 0.3 | +14.6 | +61.6 |
| "Other deposits" at reserve bank | + 0.9 | - 0.6 | - 0.4 | - 0.1 | - 0.2 |
| Unexpended capital funds of reserve bank | + 0.0 | + 0.1 | - 0.0 | + 0.1 | + 0.2 |
| Total | +30.3 | +18.5 | + 4.4 | +12.3 | +65.5 |

industry. The latest figure, while distinctly down from the 1936 peak of 191 millions reached in mid-September, still is 13 millions above a year ago. Loans on securities, other than to brokers and dealers in New York City, now total 169 millions; this represents an increase of only 7 millions in the past year despite the fact that stock prices have scored a notable advance and that corporate bonds also have increased substantially in price.

Employment and Payrolls in Pennsylvania

(All figures are rounded from original data)

Manufacturing Indexes

| | Employment* | | | Payrolls* | | | Employe-hours† | |
|------------------------------------|------------------|----------------------|-----------|------------------|----------------------|-----------|---------------------------------|-----------|
| | Sept. 1936 index | Per cent change from | | Sept. 1936 index | Per cent change from | | Sept. 1936—per cent change from | |
| | | Sept. 1935 | Aug. 1936 | | Sept. 1935 | Aug. 1936 | Sept. 1935 | Aug. 1936 |
| All manufacturing | 87 | +11 | +2 | 82 | +27 | +1 | +32 | +1 |
| Iron, steel and products | 78 | +20 | +2 | 83 | +45 | +1 | +45 | +2 |
| Non-ferrous metal prods. | 118 | +15 | +2 | 124 | +31 | +4 | +29 | +6 |
| Transportation equip. | 68 | +38 | +2 | 60 | +67 | -0 | +75 | -2 |
| Textiles and clothing | 106 | +4 | +2 | 92 | +3 | -2 | +5 | -3 |
| Textiles | 102 | +3 | +2 | 90 | +3 | -2 | +4 | -2 |
| Clothing | 124 | +10 | +2 | 102 | +6 | -4 | +7 | -5 |
| Food products | 109 | -1 | +6 | 104 | +6 | +5 | +6 | +14 |
| Stone, clay and glass | 84 | +11 | +2 | 75 | +30 | +1 | +23 | -1 |
| Lumber products | 66 | +7 | +1 | 56 | +17 | +3 | +19 | +2 |
| Chemicals and products | 91 | +9 | +3 | 90 | +25 | +3 | +38 | +3 |
| Leather and products | 94 | -3 | +2 | 87 | +3 | +2 | +8 | +4 |
| Paper and printing | 94 | +3 | +2 | 90 | +7 | +5 | +8 | +3 |
| Printing | 88 | +4 | +2 | 87 | +7 | +7 | +4 | +5 |
| Others: | | | | | | | | |
| Cigars and tobacco | 67 | -5 | -0 | 59 | -4 | -5 | -3 | -5 |
| Rubber tires, goods | 86 | +20 | +2 | 90 | +65 | +5 | +57 | +6 |
| Musical instruments | 57 | +7 | +6 | 55 | +16 | +5 | +26 | +8 |

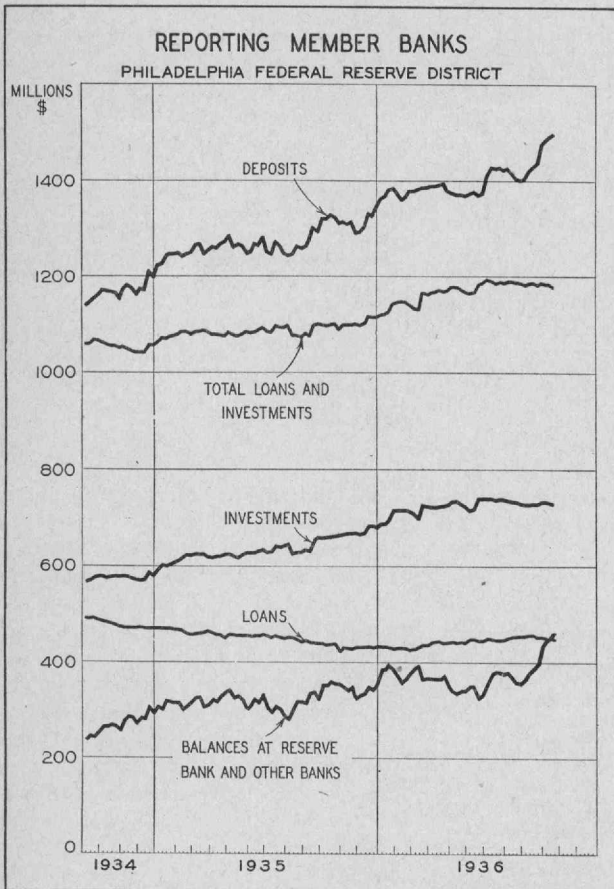
* Figures from 2266 plants.

† Figures from 2033 plants.

General Index Numbers

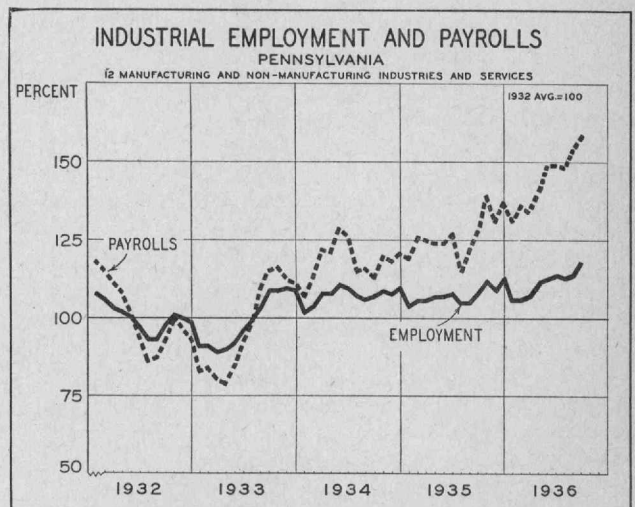
Covering twelve branches of trade and industry

| | Employment | | | Payrolls | | |
|---|------------------|----------------------|-----------|------------------|----------------------|-----------|
| | Sept. 1936 index | Per cent change from | | Sept. 1936 index | Per cent change from | |
| | | Sept. 1935 | Aug. 1936 | | Sept. 1935 | Aug. 1936 |
| General index (weighted) | 118 | +9 | +3 | 158 | +23 | +2 |
| Manufacturing | 137 | +11 | +2 | 201 | +27 | +1 |
| Anthracite mining | 77 | +3 | +16 | 65 | -9 | +11 |
| Bituminous coal mining | 120 | +1 | +2 | 208 | +27 | +11 |
| Building and construction | 85 | +24 | +3 | 104 | +49 | +2 |
| Quarrying and non-met. mining | 121 | +20 | +1 | 224 | +59 | +0 |
| Crude petroleum producing | 172 | -15 | +1 | 173 | -7 | +1 |
| Public utilities | 94 | +4 | +0 | 98 | +8 | +0 |
| Retail trade | 111 | +4 | +6 | 115 | +8 | +5 |
| Wholesale trade | 113 | +6 | +1 | 109 | +6 | +0 |
| Hotels | 107 | +6 | +2 | 109 | +12 | +4 |
| Laundries | 102 | +7 | -1 | 107 | +12 | +1 |
| Dyeing and cleaning | 106 | +8 | +0 | 109 | -2 | +2 |



| City areas* | Percentage change—September 1936 from September 1935 | | | | |
|---------------------------------|--|---------------|--------------------------|--------|--------------------|
| | Manufacturing | | Building permits (value) | Debits | Retail trade sales |
| | Employment | Wage payments | | | |
| Allentown | +17 | +39 | +165 | +15 | +10 |
| Altoona | +4 | +67 | +82 | +23 | +43 |
| Harrisburg | +11 | +35 | +119 | +12 | +8 |
| Johnstown | +30 | +72 | +154 | +41 | +41 |
| Lancaster | +7 | +8 | +29 | +31 | +17 |
| Philadelphia | +8 | +15 | +20 | +15 | +2 |
| Reading | +12 | +19 | +403 | +23 | +8 |
| Scranton | -2 | +4 | +20 | +6 | +9 |
| Trenton | +5 | +5 | +28 | +9 | +15 |
| Wilkes-Barre | -7 | -3 | +418 | +9 | +7 |
| Williamsport | +5 | +14 | +168 | +14 | ..... |
| Wilmington | +17 | +28 | -75 | +19 | +18 |
| York | +2 | +13 | +54 | +20 | ..... |
| September 1936 from August 1936 | | | | | |
| Allentown | -0 | -2 | -48 | +2 | +7 |
| Altoona | +2 | +0 | +11 | -2 | +6 |
| Harrisburg | +2 | +8 | -23 | -7 | +13 |
| Johnstown | +4 | +7 | -51 | -5 | +1 |
| Lancaster | +5 | +4 | -96 | +10 | +16 |
| Philadelphia | +2 | -1 | -27 | +15 | +31 |
| Reading | +3 | -1 | +66 | +1 | +23 |
| Scranton | -1 | -1 | -29 | -2 | +53 |
| Trenton | +1 | -4 | -46 | +12 | +23 |
| Wilkes-Barre | -4 | -10 | +78 | -5 | +27 |
| Williamsport | +1 | -0 | +112 | -15 | ..... |
| Wilmington | +2 | +1 | -4 | +12 | +7 |
| York | +5 | +5 | -19 | -2 | ..... |

* Area not restricted to the corporate limits of cities given here.



Index numbers of individual lines of trade and manufacture

Philadelphia Federal Reserve District

| | Index numbers: percentages of the 1923-1925 average as 100 | | | | | | | | | | |
|--|--|--------------|--------------|--------------|------------------------------------|-------------|-----------------------------------|---------------|--------------|--------------|---------------|
| | Adjusted for seasonal variation | | | | | | Not adjusted | | | | |
| | Sept 1935 | July 1936 | Aug. 1936 | Sept 1936 | Per cent change | | | Sept. 1935 | July 1936 | Aug. 1936 | Sept. 1936 |
| | | | | | Sept. 1936 from Month ago | Year ago | 1936 from 9 mos. 1935 | | | | |
| Adjusted indexes allow for the usual seasonal change in activity. | | | | | | | | | | | |
| Unadjusted indexes reflect merely the actual change which may or may not be typical. | | | | | | | | | | | |
| Retail trade | | | | | | | | | | | |
| Sales | | | | | | | | | | | |
| Total of all stores..... | 79 | 80 | 80 | 87p | + 8 | + 10 | +10 | 72 | 58 | 64 | 78p |
| Department..... | 74 | 70 | 73 | 78p | + 7 | + 5 | + 9 | 66 | 52 | 56 | 69p |
| Men's apparel..... | 72 | 68 | 69 | 76 | + 9 | + 5 | +13 | 60 | 56 | 54 | 63 |
| Women's apparel..... | 119 | 97 | 129 | 120 | - 7 | + 0 | +11 | 103 | 64 | 88 | 104 |
| Shoe..... | 79 | 68r | 61r | 85 | +40 | + 8 | + 5 | 81 | 62r | 46r | 87 |
| Credit..... | 74r | 108 | 85 | 98 | +15 | + 32 | +32 | 71r | 70 | 81 | 93 |
| Stocks of goods | | | | | | | | | | | |
| Total of all stores..... | 66 | 68 | 70 | 73p | + 5 | + 10 | ..... | 69 | 61 | 67 | 76p |
| Department..... | 53 | 52 | 54 | 56p | + 3 | + 5 | ..... | 56 | 48 | 51 | 55p |
| Men's apparel..... | 60 | 82 | 64 | 66 | + 3 | + 10 | ..... | 65 | 67 | 66 | 71 |
| Women's apparel..... | 102 | 104 | 109r | 114 | + 4 | + 12 | ..... | 110 | 78 | 96r | 123 |
| Shoe..... | 70 | 64 | 68 | 67 | - 1 | - 5 | ..... | 75 | 60 | 68 | 72 |
| Credit..... | 79 | 78 | 88 | 97 | + 9 | + 22 | ..... | 81 | 77 | 87 | 99 |
| Rate of stock turnover 9 months (actual, not indexes)..... | | | | | | | + 7* | 2.85 | | | 3.04 |
| Wholesale trade | | | | | | | | | | | |
| Sales | | | | | | | | | | | |
| Total of all lines..... | 78 | 89 | 87 | 86p | - 1 | + 11 | + 9 | 88 | 82 | 82 | 98p |
| Boots and shoes..... | 44 | 43 | 63 | 53 | -16 | + 20 | +14 | 64 | 35 | 71 | 76 |
| Drugs..... | 92 | 99 | 99 | 100 | + 1 | + 9 | + 9 | 95 | 93 | 92 | 103 |
| Dry goods..... | 36r | 48 | 45 | 44p | - 3 | + 20 | +16 | 48r | 37 | 42 | 58p |
| Electrical supplies..... | 64 | 100 | 86 | 78p | - 9 | + 23 | +16 | 76 | 82 | 71 | 94p |
| Groceries..... | 115r | 121 | 122r | 119 | - 2 | + 4 | + 3 | 128r | 122 | 120r | 132 |
| Hardware..... | 50r | 52 | 56 | 63 | +13 | + 25 | +14 | 53r | 50 | 50 | 66 |
| Jewelry..... | 51 | 52 | 47 | 70 | +49 | + 38 | +19 | 63 | 35 | 41 | 87 |
| Paper..... | 74 | 75 | 74 | 79 | + 7 | + 8 | +11 | 75 | 71 | 70 | 81 |
| Stocks of goods | | | | | | | | | | | |
| Total of all lines..... | 63 | 69 | 68 | 70p | + 3 | + 10 | ..... | 65 | 68 | 69 | 72p |
| Boots and shoes..... | 27 | 29 | 27 | 30 | + 9 | + 9 | ..... | 28 | 29 | 29 | 30 |
| Drugs..... | 108 | 115 | 109r | 110 | + 1 | + 2 | ..... | 111 | 114 | 112r | 113 |
| Dry goods..... | 39r | 38 | 39 | 39p | - 1 | + 0 | ..... | 43r | 38 | 42 | 43p |
| Electrical supplies..... | 87 | 106 | 100 | 106p | + 6 | + 21 | ..... | 93 | 106 | 107 | 113p |
| Groceries..... | 65 | 72 | 75 | 78 | + 4 | + 19 | ..... | 65 | 66 | 69 | 78 |
| Hardware..... | 70r | 70 | 72r | 73 | + 1 | + 4 | ..... | 69r | 70 | 71r | 71 |
| Jewelry..... | 54 | 51 | 55 | 55 | + 1 | + 2 | ..... | 59 | 59 | 61 | 60 |
| Paper..... | 56 | 63 | 62 | 61 | - 1 | + 8 | ..... | 58 | 63 | 63 | 62 |
| Rate of stock turnover 9 months (actual, not indexes)..... | | | | | | | + 5* | 4.27 | | | 4.47 |
| Output of manufactures | | | | | | | | | | | |
| Pig iron..... | 33 | 56 | 61 | 58 | - 6 | + 76 | +78 | 31 | 51 | 54 | 54 |
| Steel..... | 61 | 89 | 85 | 94 | +10 | + 55 | +40 | 58 | 81 | 87 | 89 |
| Iron castings..... | 53 | 78r | 75 | 81 | +9 | + 54 | +32 | 54 | 74r | 73r | 82 |
| Steel castings..... | 53 | 123 | 110 | 125 | +14 | +136 | +83 | 48 | 110 | 106 | 114 |
| Electrical apparatus..... | 80 | 94 | 94 | 95 | + 1 | + 19 | +15 | 88 | 99 | 104 | 104 |
| Motor vehicles..... | 9 | 15 | 18 | 18 | - 4 | +105 | +34 | 7 | 15 | 15 | 15 |
| Automobile parts and bodies..... | 58 | 69 | 75 | 66 | -11 | + 15 | +45 | 55 | 66 | 70 | 63 |
| Locomotives and cars..... | 20 | 35 | 35 | 36 | + 1 | + 78 | +64 | 19 | 35 | 36 | 34 |
| Shipbuilding..... | 142 | 230 | 236 | 243 | + 3 | + 70 | +96 | 135 | 224 | 233 | 230 |
| Silk manufactures..... | 97 | 93 | 105r | 97 | - 7 | + 0 | - 4 | 97 | 91 | 101r | 97 |
| Woolen and worsteds..... | 69 | 72 | 74 | 67 | - 9 | - 2 | - 1 | 76 | 68 | 76 | 74 |
| Cotton products..... | 45 | 55 | 58 | 56 | - 3 | + 26 | +21 | 42 | 48 | 52 | 53 |
| Carpets and rugs..... | 102 | 124 | 150 | 133 | -11 | + 30 | +10 | 112 | 113 | 137 | 147 |
| Hosiery..... | 125 | 120 | 126 | 123 | - 3 | - 2 | - 6 | 125 | 98 | 110 | 123 |
| Underwear..... | 121 | 154 | 150 | 138 | - 8 | + 14 | +16 | 121 | 128 | 139 | 138 |
| Cement..... | 30 | 54 | 57 | 56 | - 2 | + 88 | +35 | 35 | 63 | 72 | 66 |
| Brick..... | 41 | 52 | 52r | 52 | 0 | + 27 | +36 | 42 | 50 | 54r | 53 |
| Lumber and products..... | 20 | 29 | 27 | 30 | + 8 | + 44 | +29 | 21 | 32 | 30 | 31 |
| Bread and bakery products..... | | | | | + 2* | + 1* | + 3* | 89 | 90 | 88r | 90 |
| Slaughtering, meat packing..... | 68 | 88 | 89 | 83 | - 7 | + 21 | +17 | 70 | 79 | 77 | 83 |
| Sugar refining..... | 49 | 168 | 69 | 89 | +29 | + 81 | +29 | 42 | 171 | 59 | 77 |
| Canning and preserving..... | 48 | 72 | 62 | 58p | - 7 | + 21 | +11 | 60 | 58 | 70 | 80p |
| Cigars..... | 91 | 97 | 95 | 98 | + 3 | + 8 | +10 | 106 | 105 | 101 | 114 |
| Paper and wood pulp..... | 61 | 67 | 69r | 68 | - 1 | + 12 | +11 | 61 | 65 | 69r | 68 |
| Printing and publishing..... | 87 | 87 | 88r | 91 | + 3 | + 4 | + 3 | 86 | 84 | 86 | 90 |
| Shoes..... | 137 | 161 | 155 | 157 | + 1 | + 14 | + 2 | 157 | 150 | 166 | 179 |
| Leather, goat and kid..... | 116 | 123 | 115 | 112p | - 3 | - 4 | + 1 | 121 | 109 | 111 | 116p |
| Explosives..... | 69 | 83 | 81 | 91 | +12 | + 32 | +11 | 69 | 81 | 81 | 91 |
| Paints and varnishes..... | 72 | 91 | 82r | 88 | + 8 | + 23 | +14 | 68 | 84 | 83 | 84 |
| Petroleum products..... | 153 | 150 | 151 | 159p | + 5 | + 4 | + 8 | 155 | 151 | 152 | 161p |
| Coke, by-product..... | 91 | 113 | 118 | 123 | + 5 | + 35 | +29 | 87 | 111 | 115 | 118 |

* Computed from data unadjusted for seasonal variation.

p—Preliminary.

r—Revised.

